

News Release



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Labor Department Obtains Final Settlement of Lawsuit Against U.S. Alliance Fiduciaries

NEW YORK – The U.S. Department of Labor obtained a final consent judgment on May 16, 2003, holding that the health plan administrators of U.S. Alliance, Inc. and International Benefits Association, Inc. of Washington, D.C. are liable to pay up to \$2.8 million from future income for unpaid medical claims owed to at least 1,500 plan participants.

Under the consent judgment, defendants Mari Elena Marks, Timothy Marks, and Michele Jenkinson as well as Alliance Administrators, Inc., Nexus Administration Systems, Inc. and People Care Management, Inc. are barred from operating, serving or marketing any plans governed by federal employee benefit plan law.

In an earlier court judgment, the department resolved allegations against Walter Nieves, Michael Nieves, Jesus Nieves, U.S. Alliance Inc. and International Benefits Association, Inc., holding them liable for restitution of \$2.8 million to pay medical claims of plan participants. The restitution will be paid from the sale of real estate and future income of the defendants.

The judgments followed a July 12, 2001 temporary restraining order granted by the court that froze the assets of all the defendants, removed them as health plan officials, appointed David Silverman as the independent fiduciary responsible for managing the plan, and barred them from any involvement with plans governed by the Employee Retirement Income Security Act (ERISA).

The defendants sold health coverage to employers and employees in connection with several membership associations operated mainly on the East Coast. Employers paid contributions to purchase benefits provided by the various association plans. Alliance Administrators and its related companies were third party administrators of the health plans. Until October 1999, the health plans' coverage was sold under such names as U.S. Alliance Valucare, Mannacare, U.S. Alliance Plan, and U.S. Alliance Managed Care Partners.

The department sued all the defendants on July 10, 2001 in connection with commissions, fees and personal expenses diverted from the payment of health benefits. The defendants also allegedly caused the plan to become insolvent, failed to obtain a fidelity bond for the plan and did not file required annual reports with the federal government.

Francis C. Clisham, director of the department's New York Regional Office of the Employee Benefits Security Administration, said, "Plan officials have a duty to manage and protect employee benefit plans and their assets. Our action today is designed to restore assets to pay the unpaid medical claims of workers and their families."

This case was investigated by EBSA's New York Regional Office. Employers and workers can reach the office at (212) 607-8600 or toll free at 1-866-444-3272 for help with any problems relating to private-sector pension and health plans.

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(Chao v. Marks)
Civil Action No. CV-014569